



Do Biden's 'tough new sanctions' give Putin Nord Stream 2?

BY PAUL RODERICK GREGORY, OPINION CONTRIBUTOR — 03/03/21 09:30 AM EST
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Western media is greeting the Biden administration's Russian sanctions as "signaling a tougher stance on Russia than under former President Donald Trump." Vladimir Putin likely thinks otherwise.

It looks as if the Biden administration has blinked on Putin's key foreign policy objective — the completion and operation of the [Nord Stream 2](#) pipeline, delivering Russian gas to Europe. The sanctioning of a few Kremlin officials is petty change compared to the decade-long profitable effects of Russian pipeline politics.

Indeed, the new U.S. sanctions do freeze foreign assets and impose travel restrictions on a number of [Russian officials](#) associated with the attempted poisoning and sham imprisonment of Putin opponent Aleksei Navalny. Yes, these are significant figures in the Kremlin hierarchy (the chief prosecutor and the head of internal security forces), but they are not the inner-circle kleptocrats that Navalny's team wanted to see sanctioned.

Largely overlooked in media coverage is that the Russian ruble strengthened after the announced sanctions. Why? As the Russian news service TASS [reported](#), notably missing from Biden's actions were new sanctions against the Nord Stream 2 undersea pipeline connecting Russia's northern gas fields directly to Germany.

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Thus, the current winner in the U.S.-EU-German-Russian sanctions war appears to be Putin. He can make whole the sanctioned security officials, but he could not compensate for the shutting down of the \$11 billion gas pipeline. He needs Nord Stream 2 to give him the cash cow of European energy customers. An operational Nord Stream 2 means the eventual shutdown of existing pipelines through the territory of Russia's arch-enemy, Ukraine, and gives Russia an important lever over its former satellites in Eastern Europe.

The Trump administration played a tough cat-and-mouse game to torpedo Nord Stream 2. It used sanctions to frighten away Western firms involved in the building, insuring and certification of the pipeline. The Trump administration succeeded in delaying completion despite Germany's full-throated defense of the project and German protests. Trump's sanctions were biting so hard that German regional authorities had to cook up a questionable local foundation through which all Nord Stream 2 related payments would flow.

A common charge against President Trump is that he "went it alone" in terms of foreign policy and our allies. In his fight against Nord Stream 2, Trump had more than enough European allies: Virtually all of the EU — except Germany and Austria — opposed North Stream 2.

German politics, on the other hand, favored North Stream 2 as a way to soften the transition to the country's "green" energy programs. German officials insisted this is just an ordinary "commercial project" — and they claimed that the U.S. opposed the pipeline only because it wants to sell Europe its own liquefied natural gas (LNG).

Both Berlin and Washington refuse comment on whether the two parties are negotiating a Nord Stream 2 "compromise." According to some accounts, Germany secretly offered the Trump administration a "dirty deal," whereby Germany would subsidize LNG terminals along the German coast. Apparently, the Trump administration turned down such a deal, but it may prove attractive to the new Biden administration.

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The new sanctions and the lack of attention to Nord Stream 2 as its pipe-laying fleet inches toward completion offer some important lessons. For Putin, it shows that he can carry through his most important initiatives, no matter how outrageous his behavior, such as the poisoning of Navalny. Europe still wants to find a way to do business with Russia and will avoid taking steps unacceptable to Putin. The newly imposed U.S. sanctions offer Putin his first impressions of the Biden administration; his conclusions must either be that Biden is soft or that Biden does not understand what is important to Putin.

But Putin will have his answer to that question when, and if, Berlin and Washington strike a compromise that enables Nord Stream 2 to go forward, which at this juncture seems the most likely outcome, Navalny or no Navalny.

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